



Product Safety & Quality

Food safety is our highest priority. PepsiCo products are sold in nearly every country around the world, and we have a responsibility to our consumers and to the health of our business to develop products that people can trust. In fact, two of the six guiding principles that make up PepsiCo's Values speak to this directly:

- Sell only products we can be proud of.
- Care for our customers, our consumers and the world we live in.

To live by these values, we take comprehensive measures so our products can meet the highest food safety and quality standards.

PepsiCo brands are supported by products that meet or exceed rigorous food safety and quality standards and industry practices. They also follow all applicable regulations issued by government and regulatory authorities and use only approved ingredients that are generally recognized as safe. Suppliers meet the same applicable regulatory requirements and PepsiCo's internal requirements for its supply chain partners. Our products are traceable, which enables us to quickly investigate and address concerns in the marketplace to our consumers.

We have established a Global Food Safety strategic plan to meet key food safety objectives. These objectives include defending PepsiCo's brands and corporate reputation by assuring robust "on the ground" food safety and regulatory compliance and delivering product design that builds in safety and quality by flawlessly adhering to quality standards, specifications, and processes.

In response to FDA's implementation of the Food Safety Modernization Act (FSMA), the most sweeping change to food law since the Food, Drug and Cosmetic Act of 1938, PepsiCo has taken numerous actions. We comply with FSMA's foundational rule: Preventive Controls for Human Foods. We have assigned significant global resources to deliver FSMA compliance. Results to date include the update of more than 1,000 ingredient specifications, approval of approximately 1,700 supplier sites, and FSMA certified training of more than 500 PepsiCo associates.

We are also on track to deliver against the newest FSMA Final Rule, Mitigation Strategies to Protect Food Against Intentional Adulteration (IA), which is to take effect in July 2019.

PepsiCo utilizes globally recognized third-party organizations through the Global Food Safety Initiative (GFSI) certification process to conduct independent audits to assess our manufacturing sites' food safety management practices. These audits require a detailed inspection assessing food safety hazards based on standard requirements. Our audit strategy also includes a yearly thorough physical inspection of each site by AIB International.

Going forward, PepsiCo will use a smart compliance approach to address the changing external environment while reducing global risk and driving value for PepsiCo. Smart Compliance enables a more effective use of our resources in response to internal and external trends. Through Smart Compliance, we will execute a risk-based approach on existing food safety and quality programs, develop advanced systems to improve digitalized solutions, and drive alignment in the value chain to further enable traceability, efficiency and speed.